

TO: Jennifer J. Johnson
FROM: Simon Chi (a believer of change for the good)
DATE: June 18, 2007

Dear Jennifer,

Please refer to the letter below which I sent via e-mail to regs.comments@federalreserve.gov. (docketNumber r-1286).

I am extremely dissapointed, upset, and frustrated with the whole situation. So, instead of sitting around with my arms crossed, I decided to write to anyone that I could not only for myself but for other millions of customers who are going through the same thing who deserve better. I do not just complaint. I provide ideas, solutions.

I have also enclosed a letter addressed to the president of Bank of America for your review.

I was recently "slapped" with the "universal default rate" which I call the most politically correct form of abuse and fraud by the Credit card industry.

My interest rate went from 13.99 to 29% because they claim I have large balances with other credit cards as well as theirs. But they have no problem that I charged their card to its fullest ...right?

It was not because I was late with them or with any of my other creditors, or that I went over my credit. Nope!

According to them I have too much debt in comparison to what I make, therefore, I am a credit risk. Never mind that I have had excellent credit since 1992. Nope. that does not count.

Never mind that I have investment properties. Nope! They base their decision on the customer's credit history when they give you a line of credit, but they do not based their decision in increasing their fees on the same credit history. It is just not fair.

The way I see it is like.....a good student taking classes in college and failing one of the many subjects students take. If the good student fails one class, is it fair to penalize the students by failing or re-taking all the remaining classes? Or just the one failed?

Sincerely,

Simon Chi

Simon

From: "Simon" <simonchi@bellsouth.net>
To: <regs.comments@federalreserve.gov>
Sent: Monday, June 18, 2007 2:54 AM
Subject: Docket Number R-1286

To whom it may concern:

"Universal Default Rate" is wrong and no-one is doing anything about it.

Who, the people, do we have to protect us against this industry?

They (credit card companies) raise interest rates and high fees as they please and push people to bankruptcy.

They claim, they are afraid of anyone who is "credit risk", yet instead of stopping people for charging any further on their account or cancelling their accounttheir solution is to "increase the customer's interest rates twice as much until they cannot longer pay their bills.

AND THIS IS A PROBLEM IN AMERICA! And it is out of control!

And if you ask meit is like the mafia. collect anytime as much as you can, anytime you please!

Bankruptcy is at its highest? Foreclosure broke record this year. Do I have to tell more.

And yet, the government is coming up with solutions that will only babysit the hideous rules and policies of the credit card industry.

Anyone according to this industry is a "credit risk". Of course, anyone can be. People get sick, people lose their jobs, people lose close ones, people die, etc. That's life. But imposing higher fees on people as they please with no control and with any excuse they can come up withit is not only wrong, it is fraud!! it is immoral. It is all Greed!

I propose this solution. When banks feel the customer is a "credit risk", close the account, stop the account from receiving any more charges. If the customer is late, then charge a late fee for that. But it should be only based on the account for which the customer has an account with. In other words, why is Bank of America penalizing customers because of other accounts? The

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customer is already been penalized by Citibank for being late as it is their account and which they have a right to. So, where do you draw the line?

So, if you have 10 accounts, you will be penalize 10 times because of 1 account.

This is not a perfect world!

This is going to get worse and worse.

America, the greatest country in the world, could not get it together with Universal health care.

Can we get it together with the credit card industry. I guess time will only tell.

Fort Lauderdale, Florida
June 18, 2007

TO: Mr. Kenneth D. Lewis (C.E.O) of Bank of America
FROM: Simon Chi – Florida Association of Realtors
Bank of America Cardholder
SUBJECT: Universal Default Rate
Account #: xxxxxxxx

Mr. Lewis, this letter is not going to be as brief as I would like it to be. I know your time is very valuable. My best bet is that one of your Executive Consumer officers will be reading it. Maybe not. I can only hope.

Mr. Lewis, I had an MBNA account which was later acquired by your Bank. I was recently “slapped” with the “Universal Default Rate”. If you care to know how I felt when I opened my statement.....”I felt like the day I had my briefcase stolen with all my personal information. If you’ve ever had an experience like this, you know what I’m talking about. I felt lost, in shocked, and no one to turn to.

I understand the credit card industry very well as I used to work for American Express for 15 years.

I’ve had your card for several years now and I had no complaints. According to your associate who I spoke tothe large balances on my other accounts and the fact that I did not make large payments on your Card increased my interest rate from 13.99% to 27.99%. Basically, I was told I was a credit risk.

Mr. Lewis, I work very hard for anything and everything I have, just like you do. I will do whatever it takes to have my bills paid. Sooner or later everyone will get paid. I ask that you review my credit history since 1992. My credit history only reflects 1 negative mark as been late which happened about 2-3 years ago. Ironically, it was due to a misposted payment that your bank made and never corrected.

Mr. Lewis, the universal default rate is wrong! It is poor business practice and you know that. Your company as well as other credit card companies penalize everyone. The one who really pays late and the ones who don’t pay late. Any excuse can be given or used to increase the interest rates. It is a cheap and a cowardly way for Banks to make money this way. And unfortunately, most banks use these practices.

But there is hope. As you already know Citigroup along with American Express and others are moving away from these practices. They are getting the trust back not only from their current customers but from new ones.

The funny thing isas I tried my heart out to negotiate my rate back with you associate...he wanted me to apply for a line of credit at a lower rate to pay off this card. I

asked him if he was joking. Your company just took away my trust and you now expect me to trust you again?

He said to me ...but Sir, you have been paying on time but not enough as your balance does not go down. I said to him, son, do you know how Banks make money? Banks would not make money if everyone had a zero balance. And that is how they pay your salary.

What always gets me is the “credit risk” excuse. Ok, so according to your company, I am a credit risk, yet instead of closing my account or stopping me from making any further charges.....your company reasoning islet's increase his interest rates twice as much so he is no longer able to make payments on his account and eventually his credit suffers. Right?

Your company pushes and tries to squeeze everything out of the customer. In the long run, the good customer will seek Consumer credit counseling and try to save his/her credit. The bad customer or the customer who does not care, will say ...forget it! Bankruptcy....which by the way is on its record high!

If the customer goes through Consumer Credit counseling....the rates are usually negotiated, sometimes even reduced to nothing. So, your company is spending money, time, and resources in all this. Eventually, when and if the customer finishes paying the balance off, your company would have ended with less money in the pocket and short of a customer.

Mr. Lewis, I am deeply saddened by this experience and I know I am just one of the many millions customers your company has who cannot make a difference in your company's pocket.

So, next month I have to come up with an additional \$175-\$200 extra a month to pay off my minimum balance.

I can assure you that I will work very hard in the next 2 months to pay off this credit card and move on. You have certainly been the first credit card company that slapped me this way, and I will make certain you will be the last one as well.

Anyone can be a credit risk nowadays Mr. Lewis. People get sick, people lose their jobs, people lose close ones, people die, etc. That's life. However, all we have is our decency, our morals, our values, our way of life. And since you do not know me personally, you will base all that on my credit history but yet you still penalize me even when it is good.

Have a good say Sir.